

SOLUTIONS

October ♦ 2013

Professionally Speaking

Michael E. Mostochuk, CPA, addressed the topic of fiduciary responsibility at a Montgomery County Chamber of Commerce summer Lunch 'n Learn, where attendees discussed the obligations of retirement plan administrators, as well as individuals who serve as directors on nonprofit Boards. This is an important topic for anyone in these positions; if you have questions, please contact Mike at our Conshohocken office.

On September 9, 2013, **Madeline G. Weinrebe, CPA**, and **Linda A. Nitterauer, CPA/ABV**, presented a continuing education program on maximizing QuickBooks use for members of the Montgomery Bar Association. Weinrebe and Nitterauer, who are both Intuit Certified QuickBooks ProAdvisors®, tailored their popular QuickBooks program to address the specific needs of attorneys in private practice. Law offices that missed this event can contact Linda and Madeline directly for personal assistance.

Madeline and Linda will present a Lunch 'n Learn on QuickBooks for Nonprofits for the Montgomery County Chamber of Commerce on October 10. Find details in this issue.

Stephanie S. Sommers, CPA, will discuss the accounting profession at two PICPA Career Days, presented at Temple University on October 24 and at Delaware Valley College on November 14. Stephanie is a frequent speaker at events for students interested in accounting careers.

Presented by

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Dear Clients and Friends

FRF-SMEs™ – A New Financial Reporting Option that Helps Small Companies

Many privately held businesses in the United States do not need GAAP-based financial statements and may currently be using a special purpose framework, such as the income tax or cash bases of accounting, for their financial reporting. However, Main Street businesses and users of their financial information looking for comprehensive and consistent financial statements may want to explore the Financial Reporting Framework for Small- and Medium-Sized Entities (FRF for SMEs™) accounting option. The American Institute of CPAs has created this financial reporting option that provides useful, relevant information to owners of private companies and other stakeholders in a consistent, simplified, cost-effective way. Our firm is pleased to provide this new reporting option which we believe will help Main Street businesses.

How Does It Work?

The newly released FRF for SMEs is a great choice for owner-managers who need financial statements that reliably report what they own, what they owe and cash flows. The FRF for SMEs is simple yet grounded on solid principles; consistent yet flexible; and is not unnecessarily complex yet provides financial statement users with the information they truly need.



Highlights of the FRF for SMEs:

- ◆ The FRF for SMEs was designed to deliver financial statements that provide useful, relevant information in a consistent, simplified way.

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Times Herald readers vote St. Clair CPA Solutions "Best of Montco" in 2013 Readers Choice Awards



Readers of the *Times Herald* in Montgomery County, Pennsylvania, recently voted St. Clair CPA Solutions "Best Accounting Firm" in the newspaper's "2013 Best of Montco Readers Choice Awards." This is the second consecutive year that the firm has received

this honor. Thousands of *Times Herald* readers completed ballots for the annual awards program that identifies top businesses and service professionals.

Shareholder **William P. St. Clair, CPA**, said, "This award is particularly meaningful because it is recognition by our clients and the community we serve. For more than 25 years, our employees have been dedicated to providing extraordinary personal service, and being a *Best of Montco* winner confirms that we are succeeding in our mission to deliver excellent accounting, auditing, tax, and business consulting services." ■

Is your business, nonprofit, or trust bank account insured for cyber-theft?

In April 2013, *Philadelphia Inquirer* columnist Jeff Gelles wrote an important story about cyber-theft and its impact on small to mid-size businesses. If you missed the story, you may be unaware—like most business owners and nonprofit and trust account administrators—that the federal laws and regulations which protect consumers are not available to businesses.



Did you know the FDIC does not insure business bank accounts against cybercriminals? Under Federal Regulation E, the FDIC only protects consumers against bank failure. Last summer McAfee, the online security software company, reported that it had discovered \$78 million of worth of sophisticated cyber-attacks against banking systems. The FBI says \$1 billion has been stolen from business bank accounts, and believes cash cyber-theft is tripling every year.

Recognizing the risks that cyber-attacks pose to small businesses, Exton entrepreneur Marc Kramer created the

Commercial Deposit Insurance Agency (CDIA) as a way for business owners to protect their bank accounts against cyber-crime. The problem Kramer identified is that big businesses have the resources to install increasingly sophisticated antifraud systems, and can buy cyber-crime insurance policies or riders to protect against risks. But these protections are typically out of reach for small businesses. At a

hearing in March 2013, U.S. Rep. Chris Collins (R., NY) cited a study which showed that nearly 60 percent of small businesses will close within six months of a cyber-attack.

If you think cyber-theft can't happen to you, recall that even the National Security Agency was subject to hacking. For your protection, we encourage small businesses to learn more about CDIA's low-cost insurance coverage to insure your bank accounts, before an unexpected theft takes you by surprise. We believe that in this day and age, protecting your bank accounts against cyber-crime simply makes sense. ■

FRF-SMEs™ – A New Financial Reporting Option that Helps Small Companies, cont.

- ◆ While many small businesses today use cash or tax-basis special purpose frameworks as an alternative to GAAP (and can continue to do so), the FRF for SMEs is an option providing comprehensive information that closely aligns with how businesses are run.
- ◆ FRF for SMEs has been subject to professional scrutiny and input from the public.
- ◆ FRF for SMEs is made up of traditional accounting principles blended with accrual income tax accounting methods, offering a reliable framework that can be consistently applied.
- ◆ FRF for SMEs will be a stable framework, revised only as needed to incorporate significant developments in financial reporting.
- ◆ As a result of all these factors, it will be easier for small and medium sized companies — and the users of their financial statements — to familiarize themselves with the FRF for SMEs.

The CPA profession is working to raise awareness of the new framework among banks and other lenders, sureties, venture capitalists and other financial statement users, to ensure they are educated on the value and benefits of the FRF for SMEs. Our firm has many informational materials on the FRF for SMEs available for our clients and colleagues in the business community, including a flyer, PowerPoint presentation, newsletter article and video. We are happy to share these resources with your stakeholders and to answer any questions regarding the framework.

A Commitment to Main Street Businesses

CPAs have created the FRF for SMEs because we are committed to meeting the needs of Main Street businesses. As your trusted advisors, we strive to anticipate and address your business needs. We know that small company owners rely on CPAs to deliver the information and advice they require to make critical decisions and we believe the FRF for SMEs can help. Please contact us for more information about FRF for SMEs and to discuss how it may work in your business, review sample financial statements and answer questions you may have. ■

Register Now for Fall Events

Taking the Lead on Leadership Succession

Thursday, November 14, 2013 ♦ 8:00-10:30 am

University of the Arts - Terra Hall, Caplan Studio Theater, 17th Floor, 211 S Broad Street
(Corner of Broad & Walnut Streets), Philadelphia, PA 19107

Greater Philadelphia Chamber of Commerce Nonprofit Seminar Series
sponsored by St. Clair CPA Solutions

Free to Nonprofit GPCC members; all others \$35 per person.

Register at www.greaterphilachamber.com/calendar

Nonprofit organizations rely upon strong leadership to pursue their missions. Whether your organization is transitioning leaders now or in the future, join us for this important workshop to ensure that your nonprofit is prepared to set the stage for a strong and successful transition. Learn best practices in planned leadership succession and explore the steps that both your organization's staff and board need to be aware of and ready for when selecting new leadership.

How to Sell Your Business for the Best Price and Terms

Tuesday, December 10, 2013 ♦ 8:00 am - 12:30 pm

Philadelphia Marriott West
111 Crawford Avenue, West Conshohocken, PA 19428

Presented by Morton L. Hodin of Lexbridge International Mergers & Acquisitions, LLC,
and St. Clair CPA Solutions.

\$195/person; \$50/additional guest; registration includes breakfast.

Register online at www.lexbridgem-a.com.

The sale or succession of your business will be the most important financial transaction of your life. Using real-life case studies, this important program teaches how business owners can avoid leaving 25-60 percent of their company's value on the table, as well as the common mistakes that can ruin your life's work. Learn how to maximize the value of your business, minimize taxes associated with the sale or succession of your business, prepare your company, and much more. Because most business owners do not have the experience or technical knowledge that ensures a successful sale, this half-day program could prove to be the most valuable seminar you ever take.